

MINUTES OF SPECIAL MEETING
ILLINOIS GAMING BOARD
AUGUST 23 AND 25, 1993
CHICAGO, ILLINOIS

A Special Meeting of the Illinois Gaming Board was held on August 23, 1993 whereupon it recessed and reconvened on August 25, 1993. The meeting was held in the Assembly Hall in the James R. Thompson Center, 100 West Randolph Street, Chicago, Illinois and was called by previous record vote of the Board. Notice was duly and timely provided to each Board Member and to the general public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: William J. Kunkle, Jr., Chairman; and Board Members J. Thomas Johnson, Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey. In addition, Administrator Morton E. Friedman, Deputy Administrators J. Thomas Hutchison, Joseph McQuaid and Marcy L. Wolf; Chief Legal Counsel Donna B. More; members of the media and the general public were in attendance.

The meeting was called to order by Chairman William J. Kunkle, Jr. at 9:11 a.m.

The first order of business concerned Harrah's Joliet.

Mr. Johnson moved that the application received from Harrah's Casino Cruises Joliet - Des Plaines Development Limited Partnership be approved as the holder of an Owner's License. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned presentations of Owner's License applications. Before beginning the presentations, Member Pyatt advised the Board and public that she was a member of the Board of Directors of the University of Illinois Foundation which under the revenue sharing plan submitted by one of the applicants would receive funds from the riverboat operation. She stated that she did not believe the affiliation would affect her ability to objectively consider the applications and in absence of an objection from another member, would not recuse herself from the proceedings. The Chairman noted no objections were raised.

The Chairman recognized Mirage Riverboats of Illinois, Inc.

Mr. Robert Baldwin, President and Chief Executive Officer of Mirage Hotel and Casino and attorney James Fletcher appeared on behalf of the applicant. Also appearing was Mr. Stephen A. Wynn, Chairman of Mirage Resorts, Inc. The application sought to locate a riverboat casino operation in West Dundee, Illinois along the Fox River. The development constituted a total investment of \$92 million covering some 30 acres. Mr. Baldwin noted the proposed riverboat would contain some 53,000 square feet of casino space utilizing the full allotment of 1200 participants and create 1,700 jobs. Mr. Baldwin noted that tax revenues were estimated at \$44 million per year based on 1.8 million visitors per year. The applicant stated they expected operations to commence in January, 1995.

The Chairman next recognized opponents to the application, Ms. Patricia Golden, Residents Against Gambling in West Dundee and Mr. Patrick Reese, Executive Director of Friends of the Fox River.

Ms. Golden told the Board the application should be denied because West Dundee was not a depressed river community. She also noted that a significant number of residents who opposed gambling had sought to place a referendum on the November 1993 election ballot.

In rebuttal, Mr. Baldwin stated that recent polling of West Dundee residents found support for the application by a margin of 3:2.

Members of the Board asked extensive questions with respect to social/economic factors and the proposal's impact on the community and existing environment at the proposed docksite. There were additionally questions regarding boat size, cruise patterns and dimension of the Fox River. Mr. Johnson asked detailed questions concerning the equity investment and the proposed revenue sharing plan. The Board was informed that the proposal would proceed regardless of whether a partnership with Arlington International Race Track was approved. It was also explained that Mirage had an option to obtain an additional 60 acres immediately adjacent to the proposed docksite.

The Board recessed their meeting at 11:20 A.M.

The Illinois Gaming Board reconvened their meeting at 11:35 A.M. with all members present. Chairman Kunkle returned to presentations of owner applicants and recognized Elgin Riverboat Resort.

The applicant was represented by its attorney, Mr. Anton Valukas who presented an opening video presentation. He stated that the applicant is a partnership consisting of Hyatt Hotel Corporation and Nevada Landing who would additionally act as the management for the enterprise. He stated the applicant would be operational by September, 1994. The Honorable George Van De Voorde, Mayor of the City of Elgin along with Mr. Bud Wilson of the Center City Development Corporation appeared and described ongoing efforts of the City of Elgin to revitalize its central business district and how riverboat gambling would add to those efforts.

Mr. Peter Simon, President of Nevada Landing, described the proposal and stated that the proposal met the intent of the Riverboat Gambling Act. He stated the primary market area of 15 miles contained in excess of 500 thousand adults and would expect to generate \$47 million in tax revenues. He also explained a revenue sharing plan that would benefit both the City of Elgin and Kane County.

Mr. Nick Pritzker of Hyatt Hotel Corporation appeared. He stated that a hotel would not be necessary at the outset as hotel occupancy in the Elgin area was at 50% capacity. He told the Board that Hyatt would market the riverboat by utilizing their existing hotel customer data base which contained over 2 million names. Mr. Pritzker noted that 20% of the profits of the enterprise would be donated to the city, county and state totaling some \$65 million.

The Chairman next called for opponent testimony and recognized Mr. Patrick Reese, Executive Director of Friends of the Fox River.

Mr. Reese told the Board that he opposed the application due to negative impacts on the South Elgin pool. He noted that proposed dredging for the

riverboat would eliminate 25% of an existing fish breeding pool and habitat. He stated that Friends of the Fox River considered approval by the Army Corps of Engineers of the Fox River as a public conveyance for riverboat gambling a contrived use of the river and would violate Public Trust law. He also stated that it was unlikely that the Army Corps of Engineers would permit dredging at the location.

Mr. Steve Sherbondy, an Elgin resident representing Citizens for Responsive Government, next appeared and read a prepared statement. He told the Board the organization had collected over 4300 signatures on petitions calling for an advisory referendum. He requested the Board delay a decision on the application until after the referendum in November, 1992.

There were no further witnesses.

Members of the Board asked extensive questions concerning navigability of the Fox River in Elgin, local economic conditions and investment questions. The applicants told the Board that the total investment would amount to \$50 to 60 million, of which a minimum of 40% would be financed by equity contributions of the applicants. It was stated that the proposed riverboat would be 400 feet in length and would contain gaming positions to accommodate 1200 participants. It was further noted that the proposed dredging would take in approximately 1900 feet and extend from shore to shore on the 350 wide section of the river. The applicants stated that approximately 2000 permanent jobs would be created hopefully stimulating additional economic development downtown.

There were no further witnesses.

Member Pyatt moved that pursuant to 5 Illinois Consolidated Statutes, 120/2, that the Board retire to Closed Session for the purpose of discussing personnel issues. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 1:38 P.M.

The Illinois Gaming Board reconvened in Open Session at 2:35 P.M. with all members present.

Chairman Kunkle announced that the Chair was appointing Members Johnson and Pyatt to undertake the search for a permanent replacement for the position of Administrator of the Illinois Gaming Board and report their findings and recommendations.

Chairman Kunkle returned to agenda item #4, Owners Application Presentations, and recognized Sahara Resorts.

Louis Garippo, attorney for Sahara Resorts of Las Vegas, Nevada represented the applicant. He told the Board the application focused on economic development and self-help rather than creating a tax revenue stream. Mr. Steve McClure, President of KSM Consulting, appeared and reviewed the legislative history of the Riverboat Gambling Act. He reviewed an economic study that compared economic conditions in Kane, Lake and Rock Island Counties. He also discussed tourism and economic development by definition and how the Sahara application met both the economic development and tourism intents of the Act. The Honorable Stan Leach, Mayor of Moline, appeared and described the Moline Center Plan, an economic development plan for the city. Mr. Don

Morganthaler of John Deere Corporation appeared. He told the Board that, speaking for the Moline business community, granting Sahara an owner's license was important to the overall success of the Moline Center Plan. He then introduced a video presentation.

Mr. Paul Lowden, Chairman of the Board of Sahara Resorts, appeared and reviewed the reasons his company had decided to apply for a docksite in Moline, Illinois. He noted that Renew Moline plans and riverboat gaming would provide a natural mix to ensure success. Mr. Lowden stated that a Moline project would market small conventions and tour/travel groups. He further discussed the current financial structure of Sahara Resorts.

Mr. Chris Lowden, Vice President for Development - Sahara Resorts, next appeared and described the proposed Moline project. He stated that the proposed riverboat was 320 x 80 feet 19th Century riverboat containing sufficient equipment for 1200 gaming participants. A 300 room hotel was also proposed that would be attached to the existing civic center. He also noted that the applicant had received permits from the Army Corps of Engineers.

Paul Lowden next reviewed a market study suggesting that approval of the application would not have adverse impact on existing riverboat casinos in Rock Island and Davenport.

The Chairman next called for opposition testimony and recognized Mr. Eric Altman of the Hotel Employees and Restaurant Employees International Union, (HEREIU).

Mr. Altman told the Board that the application should be rejected. He charged that Sahara Resorts was financially weak and had not realized a profit since 1989 and, additionally had not made payments or distributions to equity investors for two years. Mr. Altman stated that Sahara's debt to equity ratio was 16.4:1 and that approving the application would only worsen Sahara's financial position.

The next opponent appearing was Mr. Gary Inks, Vice President for Marketing and sales, Rock Island Boatworks. Mr. Inks told the Board that approval of the Sahara application would over saturate the Quad City market. He stated that Sahara would realize 30% of Casino Rock Island's customer base. Mr. Inks stated that approval of the Sahara application would significantly reduce \$70 million in planned new investments in the City of Rock Island. He concluded that the experience of the Quad Cities was that additional gaming supply would not create increased demand.

In rebuttal, Mr. Garippo questioned the motives of HEREIU, suggesting that Mirage might have requested their appearance because the Union had attempted to organize one of the Sahara's properties. Mr. McClure told the Board that the claims of Casino Rock Island that approval would over saturate the market were untrue since admissions to Quad City enterprises had consistently increased. Paul Lowden told the Board that the testimony presented by HEREIU should be dismissed and suggested that the witness was not knowledgeable about Sahara's financial structure.

The Chairman recognized Mr. Robert Baldwin of Mirage Resorts. Mr. Baldwin stated that Mirage Resorts Inc. had not requested the appearance of HEREIU.

The Board next asked extensive questions concerning the Quad City market, financing of the proposed project, and other specifics of the proposal. The

applicant responded that their riverboat would measure 320 x 80 feet containing sufficient equipment for 1200 gaming participants. The project would create almost 2100 new jobs and generate \$17 million in total tax revenues. The investment would total \$50 - 60 million and would be financed with a minimum of 35% equity contribution. Mr. Lowden stated that Sahara would market smaller convention and trade show groups and would not market existing Casino Rock Island trade.

There being no further discussion, the Board recessed its proceedings at 5:10 P.M.

The Illinois Gaming Board reconvened at 5:20 P.M. with all members present.

The Chairman presented outgoing Administrator Morton E. Friedman with a plaque signed by each Board Member. The plaque noted Mr. Friedman's service to the Board since May of 1990. The Chairman stated that Mr. Friedman had invented a regulatory structure that other states were in the process of mirroring and that because of Mr. Friedman, riverboat gambling in Illinois had established itself with integrity and enjoyed the public trust.

The Chairman then recognized the final applicant, Fox Riverboat Limited Partnership.

Mr. Fred Foreman, attorney for the applicant appeared on behalf of the applicant and introduced a video presentation.

Proponents of the application, the Honorable Robert Depke, Lake County Board Chairman; the Honorable Diane Klemm, McHenry County Board Chairman; the Honorable Jim Fields, Antioch Township Supervisor; the Honorable Marilyn Shineflug, Mayor of the Village of Antioch; and, the Honorable Kenneth Hampshire, Mayor of Fox Lake appeared and urged approval of the application. Other witnesses appeared in favor of the application including Dr. William Dam, Dr. Beryl Sprinkle and Mr. Jim Pachet. Mr. Pachet told the Board the application called for a V-hulled vessel 130 x 63 feet and would cruise on the Fox River which was 220 feet wide. The vessel would be propelled by jet thrusters.

Glen Siedenfeld appeared on behalf of the applicant and told the Board that Illinois residents were 100% owners of the enterprise. He stated that gaming management would be provided by highly respected industry professionals. He noted that the location of the vessel would be within two miles of the Wisconsin boarder which would guarantee increased tourism to Illinois. He further described a proposed revenue sharing program. He stated that the enterprise would be funded by an equity contribution of \$12 million. Mr. Siedenfeld predicted that an additional \$58 million would be invested in Lake County by entrepreneurs and tourism would produce \$1 billion in new spending.

Cranston Byrd appeared and told the Board that although Lake County was perceived as a wealthy environ, that pockets of high unemployment and poverty did exist within the county.

Mr. Foreman closed the presentation. He told the Board that Lake County should be granted a license. He noted that both Kane and Will Counties each possessed two riverboat casinos.

The Chairman asked for testimony by opponents and recognized the ARC Steering Committee.

Don Sweeting appeared and told the Board approving the application would constitute poor public policy. He noted that an advisory referendum had been held in Antioch township and 61% of those voting on the question had said they did not want a riverboat casino located in the Antioch area. He further reviewed the history of the application and economic conditions of Lake County.

Member Roberts advised the Chair that he would be required to leave to make air transportation connections. Member Roberts departed the meeting at 6:10 P.M.

Judy Martini, Director of the Chain of Lakes Fox River Waterway Management appeared next. She told the Board that the Fox River should not be dredged at Antioch due to environmental impact. She also commented on existing recreational use and stated that adding large riverboat casinos would further congest the Fox River. She further noted that the Army Corps of Engineers annually lowered the river level some eighteen inches during winter.

The next witness was the Honorable Martha Marks, a member of the Lake County Board. Ms. Marks told the Board that she was appearing at the request of Antioch area residents who were opposed to approval of the application. She also noted that a most recent newspaper poll found that 59% of area residents remained opposed to the project. The Honorable Susie Schmidt, another member of the Lake County Board, appeared. Ms. Schmidt told the Board that she was maintaining her long standing opposition to the application. Ms. Christine Peters testified on behalf of 65 families whose homes are located directly across the river from the proposed docksite. She urged the Board to reject the application.

Member Roberts rejoined the meeting at 6:35 P.M.

There were no further witnesses.

The applicant offered rebuttal information concerning planned improvements to Illinois Route 173. It was also stated that the Army Corps of Engineers had told the applicant in writing that they would proceed with consideration of the applicant's request for permitting.

The Members of the Board asked extensive questions about the content of the application. The applicant planned for two vessels containing sufficient gaming for 600 participants aboard each vessel. The total investment being made was \$36 million of which \$12 million, 33%, would come from equity contributions. It was also noted that the project would create 1700 jobs. There were additional questions concerning economic indicators of the Antioch and Lake County area.

Mr. Foreman made a closing statement and requested the Board grant leave to amend the application to reflect the presentation that was made.

There being no further presentations, Member Roberts moved that pursuant to 5 Illinois Consolidated Statutes 120/2, that the Board retire to Closed Session to be held at 9:00 A.M. on August 25, 1993 for the purpose of reviewing minutes of previous meetings and discussing the applications. Member Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman announced that the Board would meet in Closed Session beginning at 9:00 on August 25 and would plan to return to Open Session at 1:30 P.M. on that date.

There being no further discussion, the Board retired to Closed Session at 7:36 P.M.

The Illinois Gaming Board reconvened its Open Session at 2:03 P.M. on August 25, 1993 at the James R. Thompson Center in Chicago, Illinois. Board Members Kunkle, Johnson, Pyatt, Roberts and Vickrey were in attendance. Additionally, Administrator Friedman, members of the media and the general public were in attendance.

Mr. Roberts moved that the application for an Owners License received from Elgin Riverboat Resort be found preliminarily suitable for licensing. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays by oral roll call, to wit:

MR. JOHNSON:	Aye
MS. PYATT:	No
MR. ROBERTS:	Aye
MR. VICKREY:	No
MR. CHAIRMAN:	Aye

The motion was approved.

There being no further business to come before the Board, Mr. Johnson moved that the Board stand adjourned.

Without objection the Board adjourned at 2:04 P.M.

Respectfully submitted:

James A. Nelson
Secretary of the Board

